



SELF STORAGE SALES NETWORK

Market Monitor

America's Premier Self Storage Brokers

Issue I-2013

Back From the Fiscal Cliff: Now What?

by Ben Vestal

First, I must make you all aware that I am not an accountant or lawyer so please seek tax advice from your consultants before moving forward with the acquisition or disposition of your investments.

It is very clear that the fiscal cliff bill was one of the largest economic and political issues to face the country in more than a decade. It is also concerning that the bill was drafted over a long weekend by sleep-deprived politicians and then agreed to by what seems to be two very adversarial political parties. In short, this solution may only be a Band-Aid for the current issues facing the country as it leaves many big issues unresolved.

If you currently have investments or you're going to invest in 2013, whether it is stocks, real estate, airplanes or even rare stamps, you must have an understating of capital gains tax. After all, whether you win or lose with your investments, the understanding of this convoluted part of the tax code can both soften your losses and sweeten your gains. It is apparent that today's debate over taxes, the fiscal cliff, the debt ceiling and who should be paying more taxes will most likely have an effect on the after-tax proceeds that self-storage owners will achieve when selling their property. Below I have outlined some of the major points in the new tax bill to help clarify how these new issues may affect you.

Individual Tax Rates: All of the individual marginal tax rates under EGTRRA and JGTRRA are retained (10%, 15%, 25%, 28%, 33%, and 35%). A new top rate of 39.6% is imposed on taxable income over \$400,000 for single filers, \$425,000 for head-of-household filers and \$450,000 for married taxpayers filing jointly (\$225,000 for each married spouse filing separately).

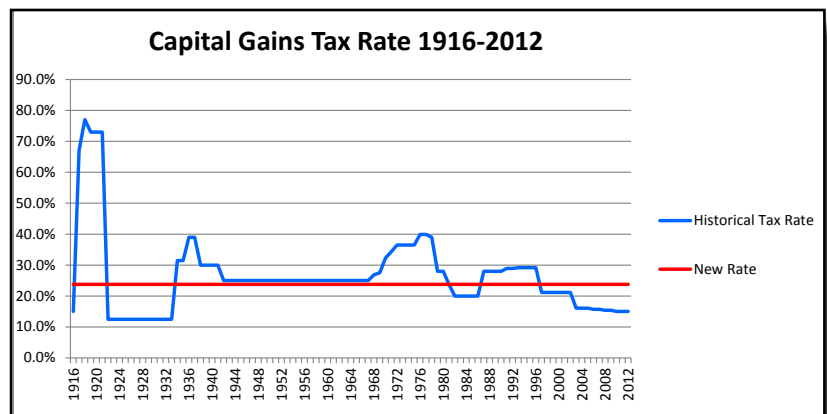
Alternative Minimum Tax: The exemption amount for the AMT on individuals is permanently indexed for inflation. For 2012, the exemption amounts are \$78,750 for married taxpayers filing jointly and \$50,600 for single filers. Relief from AMT for nonrefundable credits is retained.

Estate and Gift Tax: The estate and gift tax exclusion amount is retained at \$5 million indexed for inflation (\$5.12 million in 2012), but the top tax rate increases from 35% to 40% effective Jan. 1, 2013. The estate tax "portability" election, under which, if an election is made, the surviving spouse's exemption amount is increased by the deceased spouse's unused ex-

emption amount, was made permanent by the act.

Capital Gains and Dividends: A 20% tax rate applies to capital gains and dividends for individuals above the top income tax bracket threshold; the 15% rate is retained for taxpayers in the middle brackets. The zero rate is retained for taxpayers in the 10% and 15% brackets. Additionally, all capital gains taxes may now include the 3.8% Affordable Care Act net investment income tax also known as the Medicare Tax, making the top tier capital gains tax rate effectively 23.8%. This is probably the most concerning issue for self-storage owners when they consider buying or selling their properties.

While no one likes paying higher taxes, the effects will be felt more by the higher income earners who will see an across-the-board tax increase for the first time in more than 20 years. It is worth noting, however, that a 23.8% capital gains tax is still in the bottom half historically as noted in the chart below. Since 1916, the capital gains tax rate has averaged 26.5%.



With the tax increases now in place, the value of tax deferral mechanisms, such as 1031 exchanges and cost segregation, has never been greater. Under the current tax code, self-storage owners are allowed to utilize such tax deferral mechanisms to manage the timing and amount of capital gains taxes and depreciation on their properties. However, 1031 exchanges and cost segregation have many details you must follow to successfully utilize these parts of the tax code so it is best to consult a qualified professional to determine the best strategy for your situation. As investors in real estate, self-storage owners must continue to understand the ever-changing rules that will allow them to maximize the return on their investments. **MM**

Ben Vestal, President of the Argus Self Storage Sales Network, can be reached at 800-557-8673 or bvestal@argus-realestate.com.



Property Showcase

Foley, AL

• \$999,500

- 150 Units
- 19,370+/- RSF
- 1.49+/- Acres
- Great location with high traffic exposure
- Fenced, gated and paved
- Onsite manager's office
- Additional income from car wash and mailbox rental



Bill Barnhill, CCIM, Shannon Barnes, CCIM & Stuart LaGroue
 251-432-1287
 shannon@selfstorage.com,
 stuart@selfstorage.com

Rochelle, IL

• \$899,000

- 225 Units
- 32,700 RSF
- 2.7+/- Acres
- Terrific cash flow!
- Good customer base and historical performance
- Apartment and office onsite
- Access control gate and security cameras
- Possibility of expansion



Bruce Bahrmasel
 312-518-3550
 bruce@selfstorage.com

Siloam Springs, AR

• \$1,515,000

- 343 Units
- 52,329 RSF
- 4.8 Acres
- Bank Owned, Motivated Seller!
- Attractive, new facility with climate control and outdoor storage
- 1,840 SF manager's office and apartment
- Owner financing available



Larry Goldman, CCIM
 913-339-0641
 lgoldman@selfstorage.com

Lapeer, MI

• \$690,000

- 188 Units
- 42,810 RSF
- 5+/- Acres
- Great visibility and accessibility
- Located adjacent to Walmart Supercenter
- 2 acres available for expansion
- Includes 61 outdoor parking units
- Gated and fenced with electronic keycode access



Jim Soltis
 810-494-2062
 jsoltis@previewproperties.com

Villa Rica, GA

• \$980,000

- 177 Units
- 18,750 RSF
- 4.4 Acres
- Excellent location adjacent to Interstate 20
- Land available for expansion of up to 50,000 SF
- Includes 3,600 SF of outdoor parking
- High occupancy



Mike Patterson, CCIM
 770-241-9070
 ebroker@msn.com

Peekskill, NY

• \$3,500,000

- 917 Units
- 79,625 RSF
- 18+/- Acres
- Adjacent 36,500 SF industrial warehouse may also be purchased for \$3,250,000
- Strong upside potential
- Very motivated seller
- Centrally located with good access



Linda Cinelli, CCIM
 908-722-5661
 linda@lcrealtyusa.com



Sells Self Storage Nationwide!

- Over \$140 million in self storage properties currently for sale, with prices ranging from \$300,000 to over \$9 million to meet the needs of every buyer.
- Check out our current inventory of 60 properties listed in 21 states and contact the listing broker for more information.
- For property details, broker information and helpful industry articles, visit www.argus-selfstorage.com!

Alabama

Foley	\$999,500	Bill Barnhill/Shannon Barnes	251-432-1287
		Stuart LaGroue	251-432-1287
Theodore	\$300,000	Bill Barnhill/Stuart LaGroue	251-432-1287

Arizona

Lake Havasu City	\$7,500,000	Jeffery A. Gorden	480-331-8880
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Arkansas

Gravette	\$800,000	Larry Goldman	913-339-0641
Little Rock	\$2,675,000	Larry Goldman	913-339-0641
		Richard Minker/TylerTrahant	817-335-5600
Little Rock	\$525,000	Larry Goldman	913-339-0641
Siloam Springs	\$1,515,000	Larry Goldman	913-339-0641
Springdale	\$1,489,000	Larry Goldman	913-339-0641

California

El Dorado Hills	Make Offer	Tom de Jong	408-282-3829
Orland	Make Offer	Tom de Jong	408-282-3829
Vallejo	Make Offer	Tom de Jong	408-282-3829

Colorado

Brighton & Peoria, AZ	\$9,777,000	Joan Lucas	720-855-6587
Greeley	\$1,600,000	Joan Lucas	720-855-6587

Florida

Live Oak	\$599,999	John W. Hill	386-362-3300
Maccleddy	\$1,725,000	W. Frost Weaver	904-265-2001
Malabar	\$475,000	Adam Rathbun	321-752-1199
Pensacola	\$615,000	Bill Barnhill	251-432-1287
Wildwood	\$849,000	Reggie Caruthers	352-748-1182
Wildwood	\$799,000	Reggie Caruthers	352-748-1182

Georgia

Carrollton	\$350,000	Mike Patterson	770-241-9070
Villa Rica	\$980,000	Mike Patterson	770-241-9070

Illinois

Freeport	\$1,175,000	Bruce Bahrmassel	312-518-3550
Metamora	\$1,499,000	Bruce Bahrmassel	312-518-3550
Rochelle	\$899,000	Bruce Bahrmassel	312-518-3550

Michigan

Lapeer	\$690,000	Jim Soltis	810-494-2062
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Missouri

Sedalia	\$775,000	Larry Goldman	913-339-0641
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Mississippi

Meridian	\$2,795,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Meridian	\$1,596,000	Bill Barnhill/Stuart LaGroue	251-432-1287

New Hampshire

Claremont	\$290,000	Joe Mendola	603-668-7000
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New Jersey

Branchville	\$1,950,000	Linda Cinelli	908-722-5661
Haledon	\$990,000	Linda Cinelli	908-722-5661
Montague	\$1,600,000	Linda Cinelli	908-722-5661
Pemberton	\$975,000	Linda Cinelli	908-722-5661
Pennsauken	\$1,300,000	Linda Cinelli	908-722-5661

New Mexico

Alamogordo	\$3,950,000	Noel Woodwell	915-491-9610
Albuquerque	\$750,000	Noel Woodwell	915-491-9610
Mesilla Park	\$550,000	Noel Woodwell	915-491-9610

New York

Hicksville	\$4,200,000	Linda Cinelli	908-722-5661
Lynbrook	\$2,550,000	Linda Cinelli	908-722-5661
Middletown	\$450,000	Linda Cinelli	908-722-5661
Peekskill	\$3,500,000	Linda Cinelli	908-722-5661
Port Jervis	\$1,600,000	Linda Cinelli	908-722-5661
Shirley	\$5,700,000	Linda Cinelli	908-722-5661
Yorktown Hgts	\$2,450,000	Linda Cinelli	908-722-5661

Ohio

Cleveland	\$2,300,000	Bob Brehmer/Alec Pacella	216-455-0920
Franklin	\$775,000	Bob Brehmer/Alec Pacella	216-455-0920

Oklahoma

Commerce	\$585,000	Larry Goldman/ Jared Jones	913-339-0641 918-665-1210
Hugo	\$1,650,000	Jared Jones	918-665-1210
Oklahoma City	SOLD!	Jared Jones	918-665-1210
Stillwater	\$750,000	Jared Jones	918-665-1210
Tulsa	\$950,000	Jared Jones	918-665-1210

Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
Glen Mills	Call Broker	Chuck Shields	610-828-0100
Matamoras	\$1,100,000	Linda Cinelli	908-722-5661
Olyphant	\$850,000	Chuck Shields	610-828-0100

Texas

Flint	SOLD!	Richard Minker/TylerTrahant	817-335-5600
Fulshear	\$4,250,000	Bill Brownfield	713-366-3134
Gonzales	\$3,200,000	Bill Brownfield	713-366-3134
Horizon City	\$350,000	Noel Woodwell	915-491-9610
Lewisville	SOLD!	Richard Minker/TylerTrahant	817-335-5600
Richmond	\$1,850,000	Bill Brownfield	713-366-3134

Washington

Friday Harbor	\$2,120,000	Jason Wilcox	206-919-7643
Morton	\$697,000	Jason Wilcox	206-919-7643

Wisconsin

Milwaukee	SOLD!	Chris Hitler	262-236-0612
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Argus News

Congratulations to the following Broker Affiliates on their recent Sales!



Linda Cinelli, CCIM of LC Realty sold Parkway Self Storage in Bloomfield, NJ! Contact Linda at 908-722-5661 for more information.



Richard Minker, CCIM and Tyler Trahant of CASE Commercial Real Estate Partners sold Royal Storage Super Center in Lewisville, TX and Best Boat & RV in Flint, TX! They can be reached at 817-335-5600 for details.



Bruce Bahrmassel of Land Star Realty Group sold a self-storage development site in Rockford, IL! Bruce can be reached at 312-518-3550 for details.



Jared Jones, CCIM of Bauer & Associates represented the seller of a 3-Property Portfolio in Oklahoma City, OK. Bill Brownfield, CCIM of MKP Self Storage, LLC represented the buyer. For details, call Jared at 918-665-1210 or Bill at 713-366-3134.



Chris Hitler of Investment Real Estate Specialists sold Regent Mini Storage in Milwaukee, WI! Contact Chris at 262-236-0612 for more information.

Contact an Argus Broker Affiliate

NORTHEAST

Guy Blake, CCIM
Linda Cinelli, CCIM, CEA & Sean Bortel
Joseph Mendola
Chuck Shields

Company

Pyramid Brokerage Company
LC Realty
NAI Norwood Group
Beacon Commercial Real Estate

Phone

845-522-5900
908-722-5661
603-668-7000
610-862-1645

Territory

Upstate NY, Western CT
Northern NJ, NY (NYC, Long Island)
MA, ME, NH VT, Eastern CT
Eastern PA, Southern NJ, DE

SOUTHEAST

Bill Barnhill, CCIM
N.J. "Joey" Godbold
Mike Patterson, CCIM
Frost Weaver (FL Commercial Brokers Network)

Omega Properties, Inc.
Percival McGuire Commercial Real Estate
Commercial Realty Services of West Georgia
Weaver Realty Group, Inc.

888-801-4534
704-632-1027
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FL Panhandle
NC, SC
GA
North, Central & South FL

NORTH CENTRAL

Bruce Bahrmassel
Robert K. Brehmer, CCIM
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Peter Hitler & Chris Hitler, MBA
Jim Soltis

Landstar Realty Group
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RE/MAX Best Associates
Grisanti Group Commercial Real Estate
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Northern IL, Northern IN
OH
KS, MO, Southern IL
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WI
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SOUTH CENTRAL

Bill Barnhill, CCIM
Bill Brownfield, CRE, CCIM
David Etzold & Noel Woodwell
Larry Goldman, CCIM
Mike Helline & Paul Grisanti, CCIM
Jared Jones, CCIM
Richard D. Minker, CCIM & Tyler Trahant

Omega Properties, Inc.
MKP Self Storage LLC
Etzold & Co.
RE/MAX Best Associates
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CASE Commercial Real Estate Partners

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AL, MS
South & Central TX
West TX
AR
TN
OK
North TX

WEST

Steve Boldish, CCIM
Alan Davidson, CCIM
Tom de Jong
David Etzold & Noel Woodwell
Jeffery A. Gorden, CCIM
Larry Hayes
Joan Lucas
Jason Wilcox, CCIM

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Colliers International
Etzold & Co.
Eagle Commercial Realty Services
Hayes & Associates
Joan Lucas Real Estate Services, LLC
Gleason & Company Commercial Real Estate

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206-919-7643

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Northern CA
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